

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Periodic Reporting
(Proposal Ten)

Docket No. RM2015-19

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued August 24, 2015)

To clarify the Postal Service's petition to consider a change in analytical principles (Proposal Ten), filed August 12, 2015,¹ the Postal Service is requested to provide written responses to the following questions. Answers to each question should be provided as soon as they are developed, but no later than August 31, 2015.

1. The Postal Service states that "[t]he CAGs were delineated by revenue amount...." Proposal Ten at 5 n.3.
 - a. Please define the revenue unit that determines CAG levels and provide a table delineating the number of revenue units for each CAG level.
 - b. Please provide the value of the revenue unit for Fiscal Years 2013, 2014, and 2015.
2. The Postal Service states that "the recent increases in Cost Segment 4 costs are the result of reclassifying the positions and shifting them from postmasters (Cost Segment 1) to clerks (Cost Segments 3 and 4), and are not due to increases in total costs at the very small post offices." *Id.* at 3.
 - a. Please explain which CAG levels represent "very small post offices."

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Ten), August 12, 2015.

- b. Please provide a method of calculating the total costs for each small post office CAG level if Cost Segments 3 and 4 are combined.
 - c. Please confirm that the costs solely attributable to CAG K and CAG L post offices can be readily extracted if Cost Segments 3 and 4 are merged. If not confirmed, please explain.
- 3. The Postal Service states “the data demonstrate that the distribution of product costs in Cost Segment 4 is not statistically significantly different than for other small offices, such as CAG H and J....” *Id.* at 2. Please provide numerical support for this statement for Fiscal Years 2013, 2014, and 2015.
- 4. The Postal Service states that “[t]he Cost Segment 3 account numbers and titles would be retained, and the CRA Component will be expanded to ‘253 & 42’.” *Id.* at 4. Cost Segment 4 currently is comprised of CRA Components 42 and 254.
 - a. Please confirm that the Cost Segment 4 CRA Component referred to as “254” will be deleted. If not confirmed, please explain what the component will represent if Proposal Ten is approved.
 - b. Please clarify whether the 3-digit sub-account for CAG K clerks, currently labeled “105,” will be eliminated when the Cost Segment 4 trial balance accounts are merged with the Cost Segment 3 trial balance accounts.
- 5. The proposal notes that Cost Segment 4 costs would be grouped with Cost Segment 3 costs and allocated “subject to the accepted cost methodology.” *Id.* at 4.
 - a. Please provide the method and rationale currently used to allocate costs related to clerks that now perform postmaster duties. *See id.* at 3. Please provide any changes to the established method of allocating these Cost Segment 4 costs proposed in this proceeding.

- b. Please explain the differences between the current accepted cost methodologies for Cost Segment 3 costs and Cost Segment 4 costs.

By the Acting Chairman.

Robert G. Taub